

Message Text

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ORIGIN XMB-07

INFO OCT-01 EA-11 ISO-00 EB-11 ACDA-19 SCI-06 PM-07 NSC-07

SP-03 SS-20 RSC-01 AID-20 CIAE-00 COME-00 FRB-03

INR-11 NSAE-00 TRSE-00 OPIC-12 CIEP-03 LAB-06 SIL-01

OMB-01 L-03 H-03 AEC-11 FEA-02 /169 R

DRAFTED BY XMB:BABDESLEM:PD
APPROVED BY EA/PHL:DCCUTHELL
EB/IFD/ODF:MLINTON (SUBSTANCE)
EA/EP:AGEBER
XMB:MR HOUSTON (SUBSTANCE)
EA:LEDMOND(SUBSTANCE)
ACDA:CVANDOREN (INFO)
SCI/AE:RTWEBBER (INFO)

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P 262127Z JUL 74

FM SECSTATE WASHDC

TO AMEMBASSY MANILA PRIORITY

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E.O. 11652: N/A

TAGS: EFIN, EIND, RP

SUBJECT: PHILIPPINE NUCLEAR POWER PROJECT

REF: A. MANILA 8384 B. MANILA 8596 C. MANILA 8447
D. STATE 133239 E. STATE 157114 F. MANILA 8783

1. AS STATED IN STATE TELEGRAM 133239 TO U.S. EMBASSY, MR. CASEY INFORMED SECRETARY OF FINANCE VIRATA DURING THEIR JUNE 12, 1974 MEETING OF EXIMBANK'S INTEREST IN THE SUBJECT PROJECT. EMBASSY MAY INFORM EXECUTIVE SECRETARY MELCHOR EXIMBANK PREPARED TO DISCUSS PROJECT FURTHER WITH PHILIPPINE AUTHORITIES. WHILE WE UNDERSTAND HIGH LEVEL CONCERN GOP IS SHOWING IN NUCLEAR POWER PROJECT FINANCING,
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THIS KIND OF TECHNICAL FINANCE NEGOTIATIONS MAKES IT VERY

DIFFICULT, PROBABLY COUNTER-PRODUCTIVE, TO CARRY ON DISCUSSIONS EXCEPT IN WASHINGTON.

2. EXIMBANK, OF COURSE, APPRECIATES EMBASSY'S ABILITY TO KEEP IT INFORMED OF CURRENT THINKING OF PHILIPPINE SIDE ON SUCH NEGOTIATIONS AND IT WILL IN TURN KEEP EMBASSY CURRENTLY INFORMED OF DEVELOPMENTS AS THEY OCCUR.

3. EMBASSY SHOULD CONVEY TO GOP THAT TERMS OF YUGOSLAV NUCLEAR PROJECT CANNOT BE CONSIDERED TODAY AS A PRECEDENT FOR EXIMBANK FINANCING. PRELIMINARY COMMITMENT FOR YUGOSLAV PROJECT WAS MADE ON AUGUST 11, 1972, EVEN THOUGH THE ACTUAL LOAN AGREEMENT ONLY NOW BEING COMPLETED. THUS THE YUGOSLAV DEAL WAS IN THE WORKS LONG BEFORE THE PHILIPPINES APPROACHED US ON MARCH 23, 1974. THE DRAMATIC CHANGES IN THE AVAILABILITY AND RATES OF FUNDS ON A WORLDWIDE BASIS SIMPLY RULE OUT EQUATING THE TWO PROJECTS.

4. IN ANSWER TO REFTEL F, TERMS OF LOAN TO TAIWAN POWER COMPANY WERE FOR FORTY PERCENT DIRECT EXIM CREDIT (DOLS 199,498,800), TWENTY PERCENT U.S. PRIVATE CREDIT TO BE GUARANTEED BY EXIM IF REQUESTED, TWENTY PERCENT NON-U.S. PRIVATE CREDIT NOT GUARANTEED BY EXIMBANK, AND TWENTY PERCENT CASH DOWN PAYMENT. LOAN IS MOST RECENT OF SEVERAL GIVEN TO TAIPOWER OVER PAST FIVE YEARS OR SO, AND REPRESENTS FIFTH AND SIXTH NUCLEAR POWER UNITS EXIM HAS HELPED TO FINANCE.

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Message Attributes

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